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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re

Chapter 11

DELPHI CORPORATION, et al

Case No. 05-44481 (RDD)

Debtors.

(Jointly Administered)

**OBJECTION OF FREUDENBERG-NOK GENERAL PARTNERSHIP (AND ITS  
SUBSIDIARIES VIBRACOUSTIC DE MEXICO, S.A. DE C.V., FREUDENBERG-NOK,  
INC., FREUDENBERG-NOK DE QUERETARO, S.A. DE C.V. AND FREUDENBERG-  
NOK DE MEXICO S.A. DE C.V.), FREUDENBERG FILTRATION TECHNOLOGIES,  
L.P. F/K/A FREUDENBERG NONWOVENS, L.P. AND FREUDENBERG NOK  
MECHATRONICS GMBH & CO. KG TO APPROVAL OF  
FIRST AMENDED JOINT PLAN OF DELPHI CORPORATION AND CERTAIN  
AFFILIATES, DEBTORS AND DEBTORS IN POSSESSION (AS MODIFIED)**

Freudenberg-NOK General Partnership (and its subsidiaries Vibracoustic de Mexico, S.A. de C.V., Freudenberg-NOK, Inc., Freudenberg-NOK de Queretaro, S.A. de C.V., and Freudenberg-NOK de Mexico, S.A. de C.V.), Freudenberg Filtration Technologies, L.P. f/k/a Freudenberg Nonwovens, L.P. and Freudenberg NOK Mechatronics GmbH & Co. KG (“Objecting Parties”) file this objection to the First Amended Joint Plan of Delphi Corporation and Certain Affiliates, Debtors and Debtors in Possession (“Plan”). In support of their objection, Objecting Parties state as follows:

### **Introduction**

1. On either October 8 or October 14, 2005 ("Petition Date"), Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.
2. On December 10, 2007, Debtors filed their Amended Disclosure Statement for the Plan, which was approved by the Court.
3. On January 25, 2008, the Court confirmed Debtors' Plan of Reorganization ("Confirmed Plan").
4. On October 3, 2008, Debtors filed a Plan Modification Approval Motion seeking further changes to the Confirmed Plan. Again, on June 1, 2009, Debtors filed a Supplement to the Plan Modification Approval Motion seeking further modification to the Confirmed Plan.
5. Objecting Parties supply certain Debtors with component parts.
6. Freudenberg-NOK General Partnership, Freudenberg-NOK, Inc. and Freudenberg Filtration Technologies, L.P. f/k/a Freudenberg Nonwovens, L.P. have allowed claims against Debtors (i.e., see Claims No. 11602, 11603 and 5463) and are still owed prepetition amounts from Debtors.
7. Objecting Parties are owed in excess of \$1,200,000 (Freudenberg-NOK General Partnership and its subsidiaries alone are owed approximately \$1,200,000 in the aggregate) for goods shipped by Objecting Parties to Debtors postpetition.

### **Objections to Plan**

8. In order for the Modified Plan to be approved, the Plan must satisfy all of the requirements of Section 1129 of the Bankruptcy Code. Even with the proposed modification, the Plan fails to do so.
9. The Modified Plan cannot be approved because it cannot be confirmed under Section 1129 of the Bankruptcy Code because, among other things, (a) the classification of

claims proposed under the Plan violates Section 1122 of the Bankruptcy Code, (b) the Plan violates Section 1123(a)(4) of the Bankruptcy Code because it provides different treatment to claims classified together within a single class and (c) the Plan improperly proposes to substantively consolidate various Debtors for plan voting and distribution purposes only. No support exists for this last provision, and it should not be allowed absent a showing that it does not impact at all the requirements of Section 1129.

10. The provisions of Article 2.1 of the Plan, which propose to pay administrative expense claims as much as ten (10) months or later after the Effective Date, violate Section 1129(a)(9)(A).

“(9) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that –

“(A) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of this title, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim.” 11 U.S.C. § 1129(a)(9)(A)

Obtaining an agreement from the holder is the only exception for paying the full amount of the claim on the effective date of the Plan. See COLLIER ON BANKRUPTCY ¶ 1129.03[9][a] (15th ed. Rev. 2003). (“Accordingly, such payment must be in cash on the effective date. The only exception will be if ‘the holder of a particular claim has agreed to a different treatment of such claim.’” (citing 11 U.S.C. § 1129(a)(9)). See also, *In re Vermont Stove Co., Inc.*, 69 B.R. 87, 89 (Bankr. D. Vt. 1987) “[o]nly a holder of a claim of the kind specified in § 1129(a)(9)(A) and (B) may agree to a different treatment of the claim.” Objecting Parties do not consent to payment of their administrative expenses other than on the Effective Date. Nor should Objecting Parties be required to file a claim for their ordinary course shipments to Debtors.

11. It is not clear who will pay administration expense claims that are due and payable after June 1, 2009 (“Post June 1 Administrative Expense Claims”) and when such payments will be made. Under Section 2.2.1 and 2.2.2 of the Master Disposition Agreement among Debtor, GM Components Holdings, LLC (“Components”), General Motors Corporation (“GM”), Parnassus Holdings II, LLC (“Parnassus”) and others dated June 1, 2009 (“MDA”), Components or Parnassus, as applicable, are assuming the Administrative Liabilities (as defined in the MDA). However, because Debtors have filed Schedule 1.1.A to the MDA under seal, (which lists the categories of Administrative Claims that are being assumed by GM or Parnassus), Objecting Parties are unable to determine how, or if, their Post June 1 Administrative Expense Claims will be paid.

12. Section 1129(a)(1) of the Bankruptcy Code provides that the Plan must “comply with the applicable provisions of [the Bankruptcy Code].”

13. The proposed estimation of Disputed Claims under Section 9.8(b)(i) violates Section 502(c) of the Bankruptcy Code. Further, the proposed limitation in Section 9.8(c) creates unfair treatment of creditors within a same class (by relegating creditors with disputed claims to a non-recourse position) and thus violates Section 1123(a)(4).

14. The injunction contained in Article 11.14 of the Plan prohibits all holders of claims from asserting any right of offset to recover a claim. This injunction eliminates the setoff rights of creditors without compensation (or the “indubitable equivalent” that is required under Section 1129(b)(2)(A)(iii)). Such injunction is contrary to the state law rights of holders of claims preserved by the Bankruptcy Code under Section 553(a) and the treatment of creditors under the various classes should not be read to eliminate or limit those rights. Further, it is in conflict with the proposed treatment of secured creditors with setoff rights under Article 5.1 of

the Plan (all setoff rights are preserved). This provision of the injunction should be stricken or should not apply to Objecting Parties.

15. Because the Plan violates the setoff rights preserved in Section 553(a) of the Bankruptcy Code, the Plan does not satisfy the requirement of Section 1129(a)(1) of the Bankruptcy Code. Therefore, the Plan cannot be confirmed as proposed.

16. Additionally, Objecting Parties object to the third party release contained in Articles 11.5 of the Plan. As a general matter, third party releases, except by express agreement of a party in interest, are not appropriate plan provisions. *In re Metromedia Fiber Network, Inc.*, 416 F.3d 136, 142 (2d Cir. 2005). Objecting Parties have rights under their agreements against Delphi and other parties. None of these rights should be waived in connection with the third party release contained in Article 11.5 of the Plan.

17. Objecting Parties also object to the release and exculpation provisions contained in Article 11.11 of the Plan. As stated in the preceding paragraph, Objecting Parties have rights under their agreements with Debtors, and none of these rights should be affected by the exculpations contained in Article 11.11 of the Plan.

18. To the extent the Plan purports to assume any agreement with Objecting Parties without curing all defaults, Objecting Parties object to such assumption. Objecting Parties show the contracts attached as Exhibit A to be active contracts with Debtors ("Objecting Parties' Contracts") but Objecting Parties have not received any clarity from Debtors with respect to Debtors intentions regarding the Objecting Parties' Contracts. Objecting Parties request that Debtors clarify their intentions with respect to the Objecting Parties' Contracts, including, without limitation, any proposed cure amounts (whether prepetition or postpetition) with respect to the Objecting Parties' Contracts.

**Waiver of Memorandum**

19. Objecting Parties respectfully request that this Court waive the requirement contained in Rule 9013(b) of the Local Bankruptcy Rules for the Southern District of New York, that a separate memorandum of law be submitted because the issues raised in this limited objection are not novel. To the extent this Court determines that a memorandum of law is required, Objecting Parties request that they be allowed to submit one at a date to be determined by the Court.

**Relief Requested**

Objecting Parties request entry of an Order modifying the Modified Plan as provided above and granting other relief as this Court determines.

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By: /s/ Ralph E. McDowell

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Freudenberg-NOK, Inc., Freudenberg-NOK de  
Queretaro, S.A. de C.V., and Freudenberg-NOK de  
Mexico, S.A. de C.V.), Freudenberg Filtration  
Technologies, L.P. f/k/a Freudenberg Nonwovens,  
L.P. and Freudenberg NOK Mechatronics GmbH &  
Co. KG

Dated: July 15, 2009

### CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing *Objection of Attorneys for Freudenberg-NOK General Partnership (and its subsidiaries Vibracoustic de Mexico, S.A. de C.V., Freudenberg-NOK, Inc., Freudenberg-NOK de Queretaro, S.A. de C.V., and Freudenberg-NOK de Mexico, S.A. de C.V.), Freudenberg Filtration Technologies, L.P. f/k/a Freudenberg Nonwovens, L.P. and Freudenberg NOK Mechatronics GmbH & Co. KG to Approval of First Amended Joint Plan of Delphi Corporation and Certain Affiliates, Debtors and Debtors in Possession(as Modified)* was electronically filed using the Court's CM/ECF filing system, and that a true and correct copy of the same was served via Federal Express to the parties identified below:

Delphi Corp.  
5725 Delphi Drive  
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**Attention:** General Counsel

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Davis Polk & Wardwell  
450 Lexington Avenue  
New York, New York 10017  
**Attention:** Donald Bernstein and Brian Resnick

Latham & Watkins LLP  
885 Third Avenue  
New York, New York 10022  
**Attention:** Robert Rosenberg, Mark A. Broude, and Mitchell A. Seider

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**Attention:** Richard Mancino and Marc Abrams

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**Attention:** Jeffery L. Tanenbaum, Michael P. Kessler, and Robert J. Lemons

Office of the United States Trustee for the Southern District of New York  
33 Whitehall Street, Suite 2100  
New York, New York 10004  
**Attention:** Brian Masumoto

and

The Honorable Robert D. Drain  
United States Bankruptcy Judge  
U.S. Bankruptcy Court for the Southern District of New York  
One Bowling Green, Room 610  
New York, New York 10004

/s/ Ralph E. McDowell  
Ralph E. McDowell

Dated: July 15, 2009



# **EXHIBIT A**

Existing Delphi Contracts/Part Numbers

	<u>Contract #</u>	<u>Part #</u>
1	550074008	25366479
2	550075275	25350625
3	550051706	25351519
4	550086666	25363039
5	550086677	25363040
6	550086681	17122608
7	550086466	17056066
8	550086670	25028420
9	550086676	25315641
10	550086694	17089597
11	550086695	17121316
12	550086696	25315641
13	550063530	25375763
14	550086667	17124697
15	550086671	17103568
16	550086675	10477565
17	550086678	17106005
18	550086679	25169195
19	550086682	17075394
20	550086683	17108225
21	550086684	17087668
22	550086685	17089384
23	550086686	17103156
24	550086687	17120226
25	550086688	17120222
26	550086689	17102857
27	550086690	25171617
28	550086691	17103468
29	550086692	25336572
30	550135422	25321080
31	550135424	25321081
32	550135425	25364442
33	550135427	25380934
34	550135533	25171864
35	550135534	25321082
36	550135535	25349582
37	550135536	25358319
38	550135976	25365393
39	550136029	17080861
40	550136031	17091447
41	550136032	17103568
42	550136033	5233517
43	550136034	5233527
44	550136035	17108225
45	550136036	17087412
46	550136037	5235159
47	550136064	17108935
48	550151560	17108935
49	550151561	25169195
50	550151562	25171617
51	550151692	17076389
52	550163340	17100528
53	550245012	10477565
54	550086469	17101798
55	550086669	17101786
56	550086901	25371703
57	550086697	17079749
58	550086724	10129595
59	550086725	10140594
60	550086726	17069693
61	550086727	12516833
62	550086728	17069907
63	550086729	17086192
64	550086730	17086214
65	550086731	17086239
66	550086732	17087373
67	550086733	21000582
68	550086734	21008014
69	550086735	21006754
70	550086736	17104566
71	550086737	17087377
72	550086738	17109578
73	550086739	17087374
74	550086740	17073804
75	550086741	15643135
76	550086742	17073805
77	550086743	17083854
78	550086944	17075922
79	550086719	17091646
80	550086720	17091689
81	550086721	17109532
82	550086722	1635948
83	550086723	17122912
84	550087135	25028420
85	550041479	16183194
86		22162782
87		16183195
88	550005617	17086239
89	550005617	17086192
90	550005617	17089907
91	550086711	25349582
92	550057607	25365393
93	550034275	25358319
94		25357818
95	550049306	25359838
96		28140768

Existing Delphi Contracts/Part Numbers

	Contract #	Part #
1	550074908	25368479
2	550075275	25350825
3	550051706	25351519
4	550066666	25383039
5	550066677	25353040
6	550066681	17122008
7	550066686	17059096
8	550066670	25028420
9	550066676	25315641
10	550066634	17089597
11	550066695	17121318
12	550066696	25315641
13	550065530	25375793
14	550066667	17124997
15	550066671	17103565
16	550066675	10477565
17	550066678	17100005
18	550066670	25169195
19	550066682	17075384
20	550066683	17106225
21	550066684	17087668
22	550066685	17089384
23	550066686	17103158
24	550066687	17120225
25	550066689	17120222
26	550066688	17102637
27	550066690	25171617
28	550066691	17103488
29	550066682	25336572
30	550135422	25321080
31	550135424	25321081
32	550135425	25384442
33	550135427	25380934
34	550135033	25171084
35	550135534	25321682
36	550135535	25348582
37	550135538	25359319
38	550135575	25363393
39	550136029	17080961
40	550136031	17091447
41	550136032	17103589
42	550136033	5233517
43	550136034	5233527
44	550136035	17108225
45	550136036	17087412
46	550136037	6235159
47	550136064	17108935
48	550151560	17108935
49	550151561	25169195
50	550151562	25171617
51	550151692	17078369
52	550163340	17100828
53	550245012	10477585
54	550068469	17101788
55	550068469	17101788
56	550068490	25371703
57	550068497	17079749
58	550068724	10128965
59	550068725	10140594
60	550068726	17080963
61	550068727	12516853
62	550068728	17069907
63	550068729	17088192
64	550068730	17088214
65	550068731	17088239
66	550068732	17087373
67	550068733	21000582
68	550068734	21000614
69	550068735	21000764
70	550068736	17104568
71	550068737	17087377
72	550068738	17105578
73	550068739	17087374
74	550068740	17073894
75	550068741	15843135
76	550068742	17073805
77	550068743	17083854
78	550068944	17075622
79	550068719	17091648
80	550068720	17091689
81	550068721	17109532
82	550068722	1635945
83	550068723	17122012
84	550068724	25028420
85	550041479	16183194
86		22152782
87		18163195
88	550056617	17088239
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91	550068711	25348582
92	550067607	25363393
93	550034275	25358319
94		25357818
95	550049308	25359338
96		28140768
97		25140778
98		25357546
99		25368874
100		25342439
101		25381802
102		22228476
103		22233221
104		22240206
105		15481998
106		6572060
107		6558918
108	SAG9013400	
109	SAG9016509	
110	SAG9016537	
111	SAG9016510	
112	SAG9016536	
113	SAG9016168	
114	SAG9012728	
115	SAG9014059	
116	SAG9015816	
117	SAG9012729	
118	SAG9012731	
119	SAG9014031	
120	SAG9015521	

**Freudenberg NOK Mechatronics GmbH & Co. KG.**

<b>FNM Part #</b>	<b>Delphi Part #</b>	<b>Long text for Delphi Part #</b>
401927		13625796 FPC A164 440 5034 / 1527682
401928		13625797 FPC A164 440 5134 / 1527742
401929		13625798 FPC A164 440 5234 / 1527747
401930		13625799 FPC A164 440 5334 / 1527749
401931		13625800 FPC A215 440 5132 / 1527754
401932		13625801 FPC A251 440 5232 / 1527758
401933		13625802 FPC A251 440 5332 / 1527765
401934		13625803 FPC A251 440 5432 / 1527769
10760694		15336659 15336659
10832080		10832080 FPC A251 540 7605 / 301062
10832081		10832081 FPC A251 540 7705 / 301063
10832082		10832082 FPC A251 540 7306 / 301064
10832083		10832083 FPC A251 540 7206 / 364044
10832084		10832084 FPC A251 540 9006 / 364100
10832085		10832085 FPC A251 540 7106 / 364042
10832086		10832086 FPC A251 540 8806 / 364043
10852018		10852018 FPC A251 540 7406 / 364098
10852019		10852019 FPC A251 540 8607 / 364101
10852020		10852020 FPC A251 540 8407 / 366674
10852021		10852021 FPC A251 540 8707 / 364150
10852022		10852022 FPC A251 540 8507 / 364151
10852023		10852023 FPC A251 540 8807 / 364152
10852024		10852024 FPC A251 540 8107 / 365752
10852025		10852025 FPC A251 540 8307 / 364048
10852026		10852026 FPC A251 540 8207 / 364046
10852027		10852027 FPC A251 540 7907 / 364049
10852028		10852028 FPC A251 540 8007 / 365751
10852029		10852029 FPC A164 540 5606 / 302182
10852030		10852030 FPC A164 540 5906 / 302183
10852031		10852031 FPC A164 540 3107 / 368749
10852032		10852032 FPC A164 540 1208 / 368750
10852033		10852033 FPC A164 540 1108 / 368751
10852035		10852035 FPC A164 540 2307 / 368757
10852036		10852036 FPC A164 540 2407 / 368758
10852037		10852037 FPC A164 540 1908 / 368759
10852038		10852038 FPC A164 540 2408 / 368760
10852043		10852043 FPC A164 540 1308 / 368753
10852044		10852044 FPC A164 540 1608 / 368754
10852045		10852045 FPC A164 540 1408 / 368755
10852046		10852046 FPC A164 540 1508 / 368756
10852047		10852047 FPC A164 540 5706 / 368752
402383		28092798 FLEX CIRCUIT, G8
403171		28101903 FLEX CIRCUIT, G8
403331		28113804 FLEX CIRCUIT, D/Z
403431		28160605 FLEX MAT, VIPER
404271		28101912 FLEX CIRCUIT, SUBARU EZ5
10897042		28055432 FLEX MAT, VIPER
10901185		28052153 28052153
28003654		28003654 FLEX MAT. VIPER

[illegible]**Adress**

